



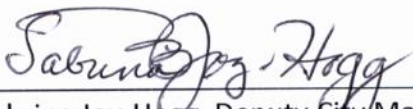
To the Honorable Council
City of Norfolk, Virginia

June 14, 2016

From: Christine Garczynski, Director of Finance

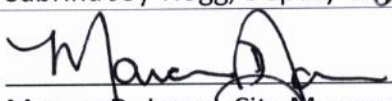
Subject: Series 2016 General
Obligation Capital Improvement
Bond Issuance

Reviewed:


Sabrina Joy-Hogg, Deputy City Manager

Ward/Superward: Citywide

Approved:


Marcus D. Jones, City Manager

Item Number:

PH-3

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** City of Norfolk

III. **Description**

This agenda item is an ordinance authorizing the sale of up to \$175,000,000 of General Obligation Bonds to fund the cash flow needs of previously authorized the General Capital, Wastewater, Storm Water, Towing and Parking Capital Improvements Programs.

IV. **Analysis**

The ordinance authorizes the issuance of General Obligation Capital Improvement Bonds in an amount not-to-exceed \$175,000,000.

The bond sale is being planned as a negotiated sale with the underwriters. Negotiated sales are generally warranted when a bond sale is relatively "complex," as in the case of this planned issuance. The 2016 General Obligation Capital Improvement Bonds are being issued as part of the City of Norfolk's (the "city's") overall 2016 bond finance plan, and may include a refunding component, Variable Rate Demand Bonds ("VRDBs"), Qualified Energy Conservation Bonds ("QECBs") and permanent long-term financing for the Line of Credit (the "Line").

The city established the Line to be used as low cost flexible interim financing. By matching borrowing to school construction, renovation and maintenance cost, the city has been able to successfully reduce its short-term debt service expenditures. Through utilization of the Line, the city has benefited both from low interest costs and better flexibility to time its long-term debt issuance.

V. Financial Impact

The planned sale is currently anticipated not-to-exceed \$175,000,000 in new money. Each of the Funds will pay their respective portion of the debt service on the General Obligation Capital Improvement Bonds.

VI. Environmental

The planned issuance includes QECBs that will utilize the Norfolk Green Community program established in 2013. The Norfolk Green Community program shall include without limitation the projects that further the city's environmental sustainability goals, outcomes and actions as set forth and linked to the plan Norfolk 2030.

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the city's agenda notification process.

VIII. Board/Commission Action

N/A

IX. Coordination/Outreach

This letter has been coordinated with the Department of Finance and the City Attorney's Office.

Supporting documentation from the Department of Finance:

- Ordinance

05/20/2016 lds

Form and Correctness Approved: *RAP*

By *[Signature]*
Office of the City Attorney

Contents Approved:

By *[Signature]*
DEPT.

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

\$ N/A N/A
[Signature] Account
Director of Finance 5/31/16
Date

NORFOLK, VIRGINIA

ORDINANCE No.

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE BY THE CITY OF NORFOLK, VIRGINIA, OF UP TO \$175,000,000 IN GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS

- - -

WHEREAS, the Council (the "Council") of the City of Norfolk, Virginia (the "City"), has determined that it is necessary to finance a portion of the City's Capital Improvement Program, as the Council may amend it from time to time (the "CIP"), and the acquisition of various personal property (together with the CIP, the "Projects") and that it is advisable to borrow up to \$175,000,000 and to issue general obligation bonds of the City (the "Bonds") to provide funds (i) to pay the costs of the Projects and (ii) to pay the costs of issuance related to the issuance and sale of the Bonds;

WHEREAS, the Council has determined to authorize the

issuance of the Bonds in one or more series to finance all or a portion of the costs associated with the Projects, such Bonds to be issued bearing interest at either tax-exempt or taxable rates including without limitation all or a portion as "Qualified Energy Conservation Bonds" ("QECCBs") within the meaning of Section 54D of the Internal Revenue Code of 1986, as amended (the "Tax Code") or "Qualified School Construction Bonds" ("QSCBs") within the meaning of Section 54F of the Tax Code; and

WHEREAS, the Council has held a public hearing on June 14, 2016, regarding the issuance of the Bonds in accordance with the requirements of the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended (the "Virginia Code").

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the Council hereby determines that it is advisable and will benefit the inhabitants of the City through the promotion of their safety, health, welfare and prosperity to contract a debt and to issue and sell the Bonds in an original aggregate principal amount not to exceed \$175,000,000. The Council hereby authorizes the issuance and sale of the Bonds in one or more series from time to time in accordance with the terms of this Ordinance. Each series of the Bonds shall be styled "City of Norfolk, Virginia, General Obligation Capital Improvement Bonds," except in the case of QECCBs and QSCBs, which may be styled "City of Norfolk, Virginia, General Obligation Qualified Energy Conservation Bonds," or "City of Norfolk, Virginia, General Obligation Qualified School Construction Bonds," as applicable, with an appropriate series designation. The proceeds

from the issuance and sale of the Bonds shall be used to pay all or a portion of the costs of the Projects and the underwriter's and original issue discounts and costs of issuance related to the issuance and sale of the Bonds.

Section 2:- That the full faith and credit of the City are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the Bonds. The Council is hereby authorized to and shall levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes authorized or limited by law, and without limitation as to rate or amount, sufficient to pay when due the principal of, premium, if any, and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

Section 3:- That the Bonds shall be dated as of a customary date or dates as shall be determined by the City Manager of the City (the "City Manager"). The Bonds shall be issued in fully registered form in denominations of \$5,000 each or whole multiples thereof, or such other denominations as the City Manager or the Director of Finance of the City (the "Director of Finance") deems advisable. The Bonds of any series shall be numbered from R-1 upward consecutively or in such other manner as determined by the City Manager. The City Manager, in consultation with the Director of Finance, is hereby authorized and directed to determine the principal amount of the Bonds, whether the Bonds bear interest at a fixed or variable rate, whether the Bonds bear interest that is includible or excludable from gross income for federal income tax purposes, whether to sell the Bonds, or any portion thereof, to the public by negotiated sale to the Underwriter, as hereinafter defined, or by competitive bidding, or to a private purchaser by a direct sale, the payment dates for the principal, premium, if any, and interest on the Bonds and the maturity dates for the Bonds; provided that:

(a) the original aggregate principal amount of the Bonds shall not exceed the amount set forth in Section 1,

(b) the true interest cost of any series of fixed rate Bonds shall not exceed 6.0% per annum (taking into account any original issue discount or premium and taking into account the direct credit payments from the Secretary of the Treasury of the United States under Section 6431 of the Tax Code in respect of any Bonds issued as QECBs or QSCBs),

(c) the sale price of any series of fixed rate Bonds shall not be less than 97.0% of the original aggregate principal amount thereof,

(d) the initial rate for any variable rate Bonds shall not exceed 6.0%, and

(e) the final maturity of any series of Bonds shall not be more than 40 years from the dated date of such series of Bonds or, with respect to any series of Bonds issued as QECBs or QSCBs, the last maturity date permitted under Section 54A of the Tax Code.

Section 4:- That the Bonds shall be issued upon the terms established pursuant to this Ordinance and shall be in substantially the form on file with the Director of Finance, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance. There may be endorsed on the Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

Section 5:- That the City Manager and the Director of Finance are hereby authorized and directed to approve such optional redemption provisions with respect to each series of the Bonds as either may deem advisable, including provisions that preclude any series of the Bonds from optional redemption.

Section 6:- That, in addition to the requirements for providing a notice of optional redemption to the registered owners of the Bonds as provided in the form of the Bonds, the Bond Registrar, who has been appointed as provided in Section 16 and Section 17, shall send further notice of any call for optional redemption by registered or certified mail not less

than 30 days nor more than 60 days before the redemption date to the Municipal Securities Rulemaking Board. In preparing any notice of optional redemption, the Bond Registrar shall take into account, to the extent applicable, the prevailing tax-exempt security industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over the City or the tax-exempt securities industry. Failure to give any notice specified above, or any defect therein, shall not affect the validity of any proceedings for the optional redemption of any Bonds. Any notice of optional redemption may state that it is conditioned upon there being available on the date fixed for redemption an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to such date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied.

Section 7:- That the Mayor of the City (the "Mayor") and the City Manager are hereby authorized and directed to execute the Bonds. The Clerk of the Council (the "Clerk") is hereby authorized and directed to affix the seal of the City to each series of the Bonds and to attest to the seal. The manner of execution, attestation to and affixation of the seal may be by facsimile; provided, however, that if the signatures of the Mayor, the City Manager and the Clerk are all by facsimile, the Bonds will not be valid until signed at the foot thereof by the manual signature of the Bond Registrar. The City Manager's approval or determination of the details and provisions of the Bonds that the City Manager has been authorized or directed to approve under this Ordinance shall be evidenced conclusively by the City Manager's execution and delivery of the Bonds on the City's behalf.

Section 8:- That the Council hereby directs that the Bonds that are sold to the public be issued initially in fully registered form by means of a book-entry-only system. One typewritten bond certificate for each maturity of each such series of Bonds will be registered in the name of The Depository Trust Company or its nominee ("DTC") and immobilized in DTC's

custody. The book-entry-only system will evidence beneficial ownership of the Bonds in the principal amounts of \$5,000 or whole multiples thereof, or such other denominations as the City Manager or the Director of Finance deems advisable, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Beneficial owners of the Bonds shall not receive physical delivery of such Bonds so long as the book-entry-only system remains in effect.

Section 9:- That for so long as DTC is the registered owner of a series of Bonds, the principal of, premium, if any, and interest on such Bonds will be payable to DTC in accordance with the City's Letter of Representations to DTC, as it may be amended from time to time. Transfers of principal, premium, if any, and interest payments to participants of DTC will be the responsibility of DTC; transfers of principal, premium, if any, and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. The City will, however, give notices with respect to such Bonds and otherwise comply with the terms of the City's Letter of Representations to DTC, as it may be amended from time to time.

Section 10:- That replacement Bonds (the "Replacement Bonds") shall be issued directly to beneficial owners of the Bonds that are originally registered to DTC as provided in Section 11 rather than to DTC, but only if:

(a) DTC determines not to continue to act as securities depository for the Bonds that are originally registered to DTC; or

(b) The City has advised DTC of its determination that it is in the best interest of the beneficial owners of the Bonds that are originally registered to DTC to discontinue the book-entry-only system of transfer through DTC;

and the City cannot locate and engage another satisfactory qualified securities depository.

Section 11:- That upon the occurrence of the event described in Section 10(a) or Section 10(b) (and the City undertakes no obligation to make any investigation of the matters described in Section 10(b)), the City shall attempt to locate another satisfactory qualified securities depository. If the City fails to locate another satisfactory qualified securities depository to replace DTC, the City shall execute and deliver printed Replacement Bonds substantially in the form approved above to DTC's participants for redelivery to the beneficial owners of the Bonds that are originally registered to DTC. The City shall be entitled to rely on the records provided by DTC as to the participants entitled to receive Replacement Bonds. Principal of, premium, if any, and interest on the Replacement Bonds shall be payable as provided in the Bonds and this Ordinance and such Replacement Bonds will be transferable in accordance with the provisions of Section 18 and the Bonds.

Section 12:- That the Bonds may have CUSIP identification numbers printed on them. No such number will constitute a part of the contract evidenced by the Bond on which it is imprinted and no liability will attach to the City, or any of its officers or agents by reason of such numbers or any use made of them, including any use made by the City and any of its officers or agents, by reason of any inaccuracy, error or omission.

Section 13:- (a) That the Council hereby authorizes the sale of all or any series of the Bonds to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities (individually and collectively, the "Underwriter") to be selected by the City Manager or, if the City Manager so elects, at public bid to the bidder with the lowest true interest cost to the City. The City Manager or the Director of Finance is hereby authorized and directed to execute and deliver a Bond Purchase Agreement with the Underwriter, or, if sold by competitive bidding, other appropriate documents with the successful bidder (the "Bid Documents")

providing for the sale and delivery of the Bonds upon terms and conditions to be approved by the City Manager or the Director of Finance, subject to the parameters set forth in Section 1 and Section 3. The approval of the final terms and conditions of the Bonds sold by negotiated sale shall be evidenced conclusively by the execution and delivery of the Bond Purchase Agreement by the City Manager or the Director of Finance and the Underwriter, or, if sold by competitive bidding, the Bid Documents. The City Manager and the Director of Finance are hereby authorized and directed to deem each preliminary official statement "final" for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule").

(b) That the Council hereby authorizes the sale of all or any series of the Bonds directly to a purchaser or purchasers to be selected by the City Manager. The City Manager and the Director of Finance, or either of them, are hereby authorized and directed to execute and deliver such purchase and loan documents as may be necessary or desirable in connection with the direct sale or sales authorized hereby (the "Purchase Documents"). The approval of the final terms and conditions of any Bonds sold by direct sale shall be evidenced conclusively by the execution and delivery of the Purchase Documents by the City Manager or the Director of Finance, subject to the parameters set forth in Section 1 and Section 3. If any Bonds are sold by a direct sale, the principal, premium, if any, and interest on such Bonds may be payable pursuant to payment instructions provided by the purchaser and approved by the City Manager. If any Bonds are sold pursuant to a direct sale, such Bonds shall be registered in the name of the purchaser thereof, or, if the City Manager approves of such designee, a designee selected by the purchaser, and such Bonds may be delivered to the registered owner.

Section 14:- That the appropriate officers and agents of the City are hereby authorized and directed to execute and deliver simultaneously with the issuance of any series of the Bonds the interest on which is intended to be excludable from gross income

for federal income tax purposes or any series of the Bonds issued as QECBs or QSCBs a Non-Arbitrage Certificate and Tax Compliance Agreement setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to comply with the provisions of the Tax Code, including the provisions of Section 148 of the Tax Code and applicable regulations relating to "arbitrage bonds." The Council hereby agrees on behalf of the City that the proceeds from the issuance and sale of any such series of the Bonds will be invested and expended as set forth in the City's Non-Arbitrage Certificate and Tax Compliance Agreement and that the City will comply with the other covenants and representations contained in it.

Section 15:- That the City Manager and Director of Finance, or either of them, are hereby authorized and directed to execute and deliver simultaneously with the issuance of any or all series of the Bonds a Continuing Disclosure Agreement in substantially the form on file with the Director of Finance, setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary in order to comply with the provisions of the Rule with respect to the Bonds.

Section 16:- That the Council hereby appoints the Director of Finance as the Bond Registrar and Paying Agent for the Bonds.

Section 17:- That the Council may appoint a subsequent Bond Registrar or one or more Paying Agents, or both, for any Bonds by subsequent authorization and upon giving written notice to the registered owners of the affected Bonds that specifies the name and location of the principal office of any such Bond Registrar or Paying Agent.

Section 18:- That upon surrender for transfer or exchange of any Bond (or any printed bond issued in substitution therefor) at the principal office of the Bond Registrar, the City shall execute and deliver and the Bond Registrar shall authenticate in the name of the registered owner or the transferee or transferees, as appropriate, a new Bond or Bonds of any authorized denomination in an aggregate principal amount equal to the Bond surrendered and of the same series, form and

maturity and bearing interest at the same rate as the Bond surrendered, subject in each case to such reasonable regulations as the Council and the Bond Registrar may prescribe. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Bond Registrar, duly executed by the registered owner or by his or her duly authorized attorney-in-fact or legal representative. No Bond shall be registered to bearer.

Section 19:- That new Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, shall be secured by this Ordinance and entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Section 20:- That no charge shall be made for any exchange or transfer of Bonds, but the Bond Registrar may require payment by the person requesting the exchange or transfer of a sum sufficient to cover any tax or other governmental charge which may be imposed with respect to the exchange or transfer of such Bonds.

Section 21:- That if prior to the offering of any series of the Bonds, market or other conditions are such that the City Manager, in consultation with the Director of Finance, determines that it is not advisable to enter into a long-term financing for all or any portion of the costs of the Projects, the City Manager, without further approval of Council as to documentation or otherwise, is hereby authorized to execute, deliver and issue short-term notes of the City (the "Notes") as provided in Section 15.2-2628 of the Virginia Code in anticipation of the issuance of any or all series of the Bonds; provided the principal amount of the Notes shall not exceed the maximum principal amount authorized under Section 1, the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 6.0% (taking into account any original issue discount or premium) and shall be subject to the parameters set forth in Section 1 and Section 3 and the other terms and conditions contained in this Ordinance to the extent not inconsistent with this Section 21. Any of

the Notes may be extended or refinanced from time to time by or at the direction of the City Manager, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Clerk is hereby authorized and directed to affix the seal of the City to such Notes and to attest to the seal. The interest component of the Notes shall be secured in the same manner as the Bonds authorized hereunder. The principal component of the Notes shall be secured by the Bonds authorized hereunder. The Notes may be retired, in the discretion of the Council, from the proceeds of the corresponding Bonds, any revenue bonds of the City or by means of current revenues, special assessments or other funds, provided that the maximum amount of the Bonds or revenue bonds of the City authorized will be reduced by the amount of Notes retired by means of such current revenues, special assessments or other funds.

Section 22:- That the City Manager, the Director of Finance and such other officers and agents of the City as the City Manager or the Director of Finance may designate, are hereby authorized and directed to take further action as each deems necessary or appropriate regarding the issuance, credit enhancement and sale of the Bonds or Notes, including, without limitation, (i) the designation of all or any portion of the Bonds as QECBs under Section 54D of the Tax Code or as QSCBs under Section 54F of the Tax Code and the making of any other designations or elections with respect to the Bonds under the Tax Code as they may deem to be in the best interest of the City, (ii) the preparation, execution and delivery of any agreement relative to the tax-exempt status of any of the Bonds or the status of any of the Bonds as "qualified tax credit bonds," "qualified energy conservation bonds," "qualified school construction bonds" or "specified tax credit bonds" under Sections 54A, 54D, 54F or 6431 of the Tax Code and the use of the proceeds thereof and other instruments, agreements and documents related to the issuance and sale of any series of the Bonds, (iii) the confirmation that each Project selected for funding from the proceeds of QECBs is part of the Norfolk Green Community Program, (iv) the purchase of one or more credit enhancements for any series of the Bonds if market or other conditions so

warrant and (v) the application for CUSIP identification numbers. All actions taken by officers and agents of the City in connection with the issuance and sale of the Bonds are hereby ratified and confirmed. The authorizations granted in this Ordinance to the Mayor, the Clerk, the City Manager and the Director of Finance may be carried out by the Vice Mayor, the Chief Deputy or Deputy City Clerk, any Deputy or Assistant City Manager or any Acting, Deputy or Assistant Director of Finance, as appropriate, in the absence of the primary officer.

Section 23:- That the officers and agents of the City are hereby authorized and directed to take such further actions as each deems necessary regarding the issuance and sale of the Bonds and all actions taken by such officers and agents in connection with the issuance and sale of the Bonds are hereby ratified and confirmed.

Section 24:- That the appropriate officers or agents of the City are hereby authorized and directed to file a certified copy of this Ordinance with the Circuit Court of the City pursuant to Sections 15.2-2607 and 15.2-2627 of the Virginia Code.

Section 25:- That the Council hereby elects pursuant to Section 15.2-2601 of the Virginia Code to issue the Bonds under the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Virginia Code without regard to the requirements, restrictions or other provisions contained in the Charter of the City.

Section 26:- That this Ordinance shall take effect from and after its adoption.